P 18E

App. F. IX-4

193 -5 (5-7)

File No. 403-34

Previous References

Serial Nos. 1-2

Later References
D.O.F 18-37 (1-2)
31-39-1-2

Preserved

PRESERVED

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Two

Part B for Jan. 36

SUBJECT

Transactions of the Sandal Oil Factory

To The D/ S.O.F.

2) - Compliments 5651-2 dt 15.1.36

Prescribing a modified procedure for the accounting of the transactions of S.O.F

8.7.36

G.7. 403-34-(1)

In reply please quote reference to No. 1024/IAD

Enclosure of one sheet

file

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Bangalore, dated 11th June *1935.*

15

FROM ... BRANCH 19 JUNE 1935 5472 ...PT.

F.NANCH... 1... JUNE No.....

A. N. RAGHAVACHAR, ESQ., M.A.,
Comptroller to the Government of His Highness the Maharaja of Mysore, Bangalore.

To

S. Shamanna Esq., B.A.,
Secretary to the Government of Mysore,
Financial Department, Bangalore.

SIR,

Adverting to para 2 of letter No.D.5863/S.O.F.53-33-9 dated 5-6-34 from the Secretary to Government, Development Department to the Director of, Sandal Oil Factory, I have the honor to forward herewith a copy of the Detailed Budget Estimates under the Advance Head for 1934-35, received with the Director's letter No.3150/3 dated 23-2-35 and to state that the details furnished are for Rs 7,09,471 against a provision of Rs 8 lakhs. The Director has stated that he would send the detailed Estimates for 1935-36 after compilation of the Balance Sheet for the half year ended 31st December 1934 and he has been reminded in the matter.

In this connection, I wish to state that the grant for expenditure of the Sandal Oil Factory is at present obtained from the Legislature under three heads; once under 21(c)(i) S.O.F. Advances, again under 21 C(ii) S.O.F. Working Expenses and finally under II.Forest 1.Sandal Oil Working Expenses. The actual grant so obtained comes to nearly three times the amount required for expenditure. This triple voting may be avoided if the procedure followed in the case of other commercial concerns of having one fixed amount of working capital and passing all the transactions of the Factory through a Deposit Head, is followed for this concern also.

The

The Director was consulted in the matter and he has intimated in his letter dated 23-2-35 that there can be no objection in regard to the introduction of the system and added that it could not be expected to work satisfactorily only if the withdrawals of funds are under the control of one agency i.e., the Director Sandalwood Oil Factory. This has been reiterated in the note sent with his letter No.3959/2 dated 16/21-5-35 referring to the marginally

1. Director, Sandal Oil Factory.
2. Assistant Director, do
3. Trade Commissioner.

noted agencies through whom expenditure on account of the Factory is being incurred at present.

The change of procedure suggested by me in respect of passing the transactions through the Deposit Head, may be adopted without causing inconvenience to the efficient conduct of the business of the Factory, though the account is operated upon by three agencies, as explained below.

The main portion of the working capital may be made available at the District Treasury, Mysore, and the Assistant Director at the Factory allowed to draw funds against it. The Director in Bangalore may also continue to draw cheques on the State Huzur Treasury up to the monthly limit necessary which is fixed at present at Rs 25,000/-.

The balance at the Mysore Treasury will be reduced from time to time to the extent of funds drawn by the Director at Bangalore and the amount expended by the Trade Commissioner on the Continent in this behalf on receipt of accounts, after giving due intimation thereof to the Director. The receipts realised from whatever source will also be arranged to be made available at the Mysore Treasury, by raising the Treasury balance to that extent.

I, therefore, request that approval of Government might kindly be obtained for the change of procedure suggested above and if this procedure is approved, the provision of 8 lakhs under the Working Advance Head will be made available to the Director for being operated upon under the Deposit Head.

Regarding the addition to the work of the Factory anticipated by the Director (vide his note dated 23-2-35), I do not consider that any appreciable change will be involved by the adoption of the new procedure

The original file of correspondence in the matter, is also sent herewith for reference and return.

I have the honor to be,
Sir,
Your most obedient servant,

B Raghavendra Rao
11.6.35
for Comptroller
Ans. absent-pons/hn.

CV

G.O. 3 file 53-33-9 is stated to have not been sent to the Development Branch. Records and is ~~available~~ in the Development Branch. The file may perhaps be referred to the Development Branch for remarks in the first instance. The Director of Vanaspati oil factories has also to be consulted.

2 There are at present two Advance Heads (G.O. Advance and G.O. working advance). The point for consideration is whether these two Advance Heads ~~should be dealt~~ are necessary and one Advance Head would not be enough. If only one Advance Head is opened, there will be only double voting and not triple voting, and the purpose for which a deposit Head is proposed will be served.

3 The more important point is to get detailed budget and account for transactions under the Advance Head

4 H Seey 8/7/35.

153

DEVELOPMENT BRANCH 11 JUL 1935

5 May be referred to the Dev. Branch for remarks

9/7

9.7.35

Dev. Branch

1952

Comptroller's Letter dated 1st June 1935 suggesting certain procedure in the matter of Capital Works Budget.

6 The transactions against this head are now classified under three heads

(i) II Forest - S.O. IV (2) Receipts

(ii) 21 (c) i S.O.F. Advances

(iii) 21(c) ii S.O.F. working expenses

7 The Comptroller's suggestion is to have one fixed amount of working Capital and passing all the transactions of this : a Deposit Head. The Dir. S.O.F. is quite agreed that his revised procedure could work satisfactorily only if the funds are under the control of one agency i.e. the Dir. S.O.F.; but the amount is operated upon by the Dir, Asst. Dir and the T.C. Besides, the provision of a lumpsum under "Deposit" will not give an idea about the Debits. As pointed out by the F.A. Secy., the more important point is to get debarths estimates for the transactions under the Advance head and his suggestion that F.A. Secy : may perhaps be accepted the Dir. S.O.F. also being consulted.

8 Submitted for orders, with reference.

9 DM S.O.F. in consultation with Dy. Secy.

NOTE—Contn. Sheet.

5)

153 - S 0-7 Budget

File No. of 193

General and Revenue Secretariat

10. D. would go a little further than the Comptroller and make it a completely Commercial account with a fixed working advance say of 15 lakhs. The Director would have complete control over this account & also receipts at the S.M. Trading and he would make necessary transfers to the Govt. Treasury or Local as the case may be. After the half year's accounts are completed, he will issue a cheque in favour of the Comptroller for the profits as well as deficits - and the final.

11 The objection to No 10 is that the Director only

Mr
25.7.35
Mr
25.7.35

12/ Forwarded with Compliments to the Director of Sandal oil Factory for favour of remarks.

By order.
U. Mallikarjuna Sastry
for Dewan Peishkar

No no 24 q/q 35-36 dt 26.7.1935 with Comptroller's Minute dt 5.8.35 & 31.3.36

4.8.35.

6.8.35 13 I agree with the above.

Mr Dewan

The Dewan thinks with Comptroller - Director 6.8.35.

1593/507 5972/21

14 Forwarded
Three Fl. Secy

Mr. 6.8.35.

FINANCIAL SECRETARIAT
U.O.No. FI:.....
8. AUG. 1935
BANGALORE.

15 Forwarded with compliments to the Comptroller for favour of remarks with reference to the procedure suggested in the Development Secy's note of 25.7.35 & for noting the accounting procedure to be followed if the above suggestion is adopted.

10.8.35

Bo.
M Shamanna
Dev. Secy

W.O.No. FR 67/10/8/35

COMPTROLLER'S OFFICE
RECEIVED
14 AUG 1935

L.O. 251/4pf/25/8/35

U.O.No.298/IAD dated 23rd September 1935.

16 Returned with compliments..

17 2. I agree in the main with the procedure indicated in para 10 of the notes by the Development Secretary. It does not materially differ from what has been proposed by me. The working of the Factory with a fixed advance is also agreed to by the Director and may be approved. But the receipts on account of Sandal Oil being one of the main sources ~~and~~ of State Revenue, it would not be desirable to treat the operation account as an independent commercial unit outside the State Budget and to await a half yearly cheque for the net revenue to be credited to Government. It would rather be preferable to bring the operation results to Government books month by month by getting an account as in the case of other Industrial Concerns like

FINANCIAL SECRETARIAT
26 SEP. 1935
GENL. & REV. SECTT.

IV 18

NOTE—Contn. Sheet.

like Soap Factory and Porcelain Factory, and to work out the profits inclusive of the value of sandal-wood. A cheque for the net revenue due to Government for the month which is worked out from the Revenue Accounts, may be sent to the treasury for credit to Forest Revenue. If the change suggested in para 10, with the above modification which is necessary to watch the progress of revenue is approved, the account procedure to be prescribed will be as follows:-

18 A new major head of Revenue Account XXVII A. S.O.F. with details just as in the case of other Industrial Concerns will be opened in the Budget to book the working or operation expenses and the sales etc., and to arrive at the net revenue or profits, with slight modification to suit the Sandal Oil Factory transactions. The Factory will furnish detailed Budget Estimates for working or operation expenses and also for sales. The net revenue from this head will be transferred to II Forest 1.Sandal Oil Net Receipts -1. Sandal Oil Receipts to be opened in lieu of the existing heads i. Gross Receipts and 2. Deduct Working Expenses. The head viz., XXVII A. Sandal Oil Factory to be opened will also provide for opening and closing stock of oil, stores and other chemicals etc., as noted below:-

p.t.o.

XXVII A. S.O.F. Net Revenue
Opening Balance of Stock
Operation Expenses:-
Raw materials
Salaries and labour
Repairs and Maintenance etc.
" "
" "
Total operation expenses
Total including opening balance
Sales
Misc. Receipts
Closing Stock
Total
Profit
Deduct amounts transferred to II Forest
1. Sandal Oil -Net Receipts -
1. Sandal Oil Receipts
Net.

193. There are at present two heads under 21. Industrial Advances c (i) Sandal Oil Factory Advances and c.ii. Sandal Oil Working Expenses. These may be replaced by one "Advance Head" and the initial working advance to be given to the Factory will be debited to this head viz., 21 Industrial Advances c) Sandal Oil Factory Advances by credit to a Deposit Head to be newly opened under 15 A. Deposits. The account will be both in the Mysore District Treasury and State Huzur Treasury with suitable balances for the Factory to operate regarding its transactions both at Mysore and at Bangalore. All sales realisations will be credited to this head and all cheques for expenses drawn agains this account. Treasury balance under this account will be raised periodically to the extent of remittances received through Coutts and Co., and other Banks on behalf of the Factory. Similarly the treasury balance will be reduced to the extent of payments made by the Comptroller outside the State on behalf of the Factory

NOTE—Contn. Sheet.

9)

File No. of 193

General and Revenue Secretariat

24. The initial working advance is to be determined by the value of the floating assets of the Factory according to its Balance Sheet as on 30th June 1935, if the new procedure is to have effect from 1935-36 and it may correspond to the balance outstanding under the existing two advance heads referred to above. The balance outstanding on 30th June 1934 was Rs11,41,545-12-6 (Rs9,78,011-7-11 plus Rs1,63,534-4-7) after allowing for the adjustment of Rs1,63,534-4-7 due from other Departments on account of assets of the Factory transferred and so the amount of advance that may be required may not be less than 11.50 lakhs. The definite amount can be known only after the Balance Sheet for the year 1934-35 is received. This amount will be treated as the initial advance granted and spent already on the opening stock for the year and it will not be available for current expenditure.

25. The next point for consideration is what amount has to be made available in the treasury for operation expenses to begin with. Assuming that a deposit account will be opened from 1st October 1935, the balance to be made available in the treasury would be the total remittances received to the credit of the Factory less total amount of cheques drawn or payments made on behalf of the Factory during the intervening months from July 1935 to date of sanction. From this amount the actual profits earned, as worked out from the monthly revenue accounts, will have also to be

deducted

Comptroller's Office | File No. 5472/Fd of 193

Serial No.

deducted and the cash balance left with the concern. If this amount is not enough to meet the current expenditure, it may be augmented to the extent required after ascertaining the needs of the Factory from the Director.

Comptroller.

22) The Comptroller suggests that the Revenue transactions of the Sandal Oil factory may be classified under a separate major head and the net receipts MSR) transferred to "II Forest -- Sandal Oil -- Net Receipts". I think that it is sufficient if the detailed heads referred to by the Comptroller are opened under "II. Forest (1) Sandal Oil Net Receipts" alone, instead of opening a separate major suspense head (with Nil figures).

To Comptroller with compliments for stating if he is agreeable to this modification.

29-11-35

U.O.No.557/IAD dated 28-11-35

23) Returned with compliments.

2. I am agreeable to the modification proposed above.

Comptroller

24) (Para 22 above) The new proposals may be approved in consultation with the Dev: Secy:

Fl Secy) 4/12/35

Note—Contn. Sheet.

File No. 5472/H of 193 | Comptroller's Office

Serial No.

D W
6 DEC 1936
No. 36 D.O.

The proposal of the Comptr is to revise the procedure in regard to the Exhibition of the Sandal oil transactions in the Forest accounts. The revision as agreed to by the Dy Conservator, the Director of Industries, the Comptr & the Finance Secretary may be approved

2nd cl — Dewan

4/12

5/12/35

OFFICE OF THE SECOND MEMBER OF COUNCIL.
5 DEC. 1935
No. 4366

6/12/35

6-12-35

7.12.35

Draft Govt order is submitted for approval.

22.12.35

H Seey 23/12/35.

6/1

Issue 6/1/36.

JAN 1936.
JUL & REV SEC

G.O No 5651-2 dated 15-1-36. Ry Jr 403-34-2

Press-5 Printed.

27-1-36

10-3-36

(12)

Sandalwood Oil Factory Detailed Budget Estimates of Revenue Expenditure for the year 1934-1935

Estimated output 85,000 lbs Mysore
18,000 " Kanauj
48,000 " America

Mysore Factory :

Fixed Charges:

			Total Rs
I. Salaries & Allowances			
Gazetted Officers & Establishment as per annexed lists	Rs 45,231/-		
3/5th charges of the Trade Commissioner's Office	32,400/-		
Pension Charges	2,500/-		
Audit Charges	1,960/-		
			82,091
II. Travelling Allowances :-	5,000/-		5,000
III. Special Contributions to			
1. Depreciation reserves	30,000/-		
2. Factory Provident Fund amounts	6,000/-		
			36,000
IV. W a g e s:-	2,750/- P.M.		33,000
V. F u e l			
8,000 tons of Junglewood @ Rs 11/-)			
2,000 tons of Paddy husk @ Rs 3/-) a ton)			94,000
VI. Power & Lighting			13,000
VII. Miscellaneous :-			
Stores & Chemicals, Water Freights Repairs & renewals, Postage & Telegrams Rent and Taxes etc			50,000
VIII. Distillation charges - Foreign Agencies			
A. Kanauj			
Distillation charges on 150 tons of Sandalwood @ Rs 340/- a ton	Rs 51,000		
Insurance & other charges	600		
Packing, transport & other incidental charges	21,300		
			72,900
B. America:			
Distillation charges on 444 short tons of Sandalwood @ $ 80.00 a ton (Exchange Rs 2.75 a dollar)	97,680		
Insurance & other charges	48,000		145,680
@ (equivalent to 400 long tons)		Total	C.O.531,671/-

(3)

Total B.F.. Rs 5,31,671/-

IX. Marketting charges

Out-put of local factories
76,300 lbs of oil to be sold in foreign markets

31,500 lbs of oil to be sold in Indian markets

Inland freights:	Rs 27,000/-	
Foreign charges, clearing customs transports etc on 76,300 lbs @ 75	57,000/-	
Agency commission on the sales of the output of local factories 107,800 lbs @ 25	27,000/-	
Agency commission on American Distilled oil 43,000 lbs	16,000/-	
	----------	1,27,000/-
Suspense:- Provision for meeting exchange difference and transport charges on stocks in transit		15,000
X. Advertisement charges :-		30,000
XI. Japan Office		
Establishment and contingencies appro. p.m.	Y 600 or Rs 380	5,800

		7,09,471

Sd/- H.K.Ramiengar
for Director

Superintendent I&S
15/6

CV

(14)

Detailed Schedule of Salaries and allowances (excluding salary cuts) for the year 1934-35.

Direction.		Cost per year.
Director's Allowances.	Rs.180/- per month	Rs.2,160/-
Gazetted Officers:-		
1. Assistant Director	Rs.450/- "	
2. Senior Chemist	Rs.231¼ "	
	Rs.481¼ per month	Rs.8,175/-

Establishment:-

Office at Bangalore.

1. Hd. Accountant (125) (On deputation in Japan till the end of June '35 vide G.O.No.D.5142-44/ SOF. 52-34-2 dated 5-2-1935).

1. Clerk (Rs.68¼) 1. Steno-typist (Rs.48¾)
1. Peon (15) 1. Cycle-orderly (Rs.12).

Total Rs.269/- per month Rs.3,228/-

Office at Mysore:-

1 Head Clerk	Rs.97½	1 Asstt. Accountant	(73-2-0)
1 Book-keeper	Rs.68¼	1 Cashier	Rs.73-2-0)
1 Despatcher	Rs.68¼	1 Steno-typist	(Rs.30/-)
2 peons @ 12/-	Rs.24	1 Cycle orderly	(15/-)

Total Rs.478¼ per month Rs.5,739/-

Factory.

4 Chemists	1 (Rs.166½) 3 on Rs.138¾) (416¼)	
2 Foremen	1 (Rs.24/14) 1 on Rs.120/4)	
4 Mechanics	(Rs.115/10) (Rs.111/-) and 2 on Rs.97-2-0 (Rs.194-4-0)	
4 Asstt "	(2 on Rs.68¼) 136½ (1 on Rs.48-12-0 & 1 on Rs.43-14-0)	
1 Overseer	(Rs.58-8-0)	
3 Store-Keepers	(Rs.73-2-0 each) Rs.219- 6- 0	
1 Railway Clerk	(Rs.30/-) 30- 0- 0	
	Total Rs.1,785-12-0 per month	Rs.21,429
	Total	Rs.40,971/-
Less amount shown under deputation salaries and allowances:		
1 Head Accountant	Rs.125/-	
1 Chemist	Rs.138-12-0	
		Rs. 3,165/-
		Rs.37,566/-

Deputation salaries & allowances:-

Japan Office	Mr. B.Shankar:	Rs.350/- per mensem	Rs. 4,200/-
Kanauj Office	Mr.S.A.Naidu	Rs.138¾	
	plus	Rs.100 allowance	
	1 Clerk on	Rs. 35	
	1 peon	Rs. 15	
	Total	Rs.288¾ per mensem	Rs. 3,465/-
		Total	Rs.45,231/-

Sd/- H.K.Ramiengar,
For Director.

Rajagopalachari

Copy.

Superintendent

MSR

C.7-103-34-2

15

Proceedings of the Government of Mysore.

Read--

1. Letter No. 1024 I A D dated 11/15th June 1935 from the Comptroller suggesting certain modifications in the procedure for the accounting of the transactions of the Sandal Oil Factory.

2. Correspondence ending with Unofficial Note No. 557 I A D dated 28th November 1935 from the Comptroller on the subject.

Order No. 5851-2

Dated 15 ~~December~~ Nov 1936.

At present the expenditure transactions of the Sandal oil factory are booked under two Advance heads (Sandal oil factory advance and sandal oil factory working advance) ~~in the first instance~~ and the proportionate working expnses with reference to the sandal oil sold is transferred to "II Forest-Sandal oil.-Deduct working ~~expnnns~~ expenses", and details of working expenses are not shown under the head "II Forest". ~~WEEKNUNNEWEN~~ The grant obtained from the Legislature works up to very nearly three times the amount required for expenditure. To avoid the triple voting (to enable details of working expenses being shown in the Budget) it is considered desirable to follow the accounting procedure prescribed for the other ~~commercial~~ Industrial concerns. The following instructions are therefore issued for guidance from 1st January 1936:--

(1) Instead of two advance heads, there will be only one advance head to which the initial working advance to be given to the factory will be charged.

(2) A separate deposit head will be opened

in the books to which the initial working advance will first be credited. The deposit account will be both in the Mysore District Treasury and State Huzur Treasury with suitable balances for the Factory to operate regarding its transactions both at Mysore and at Bangalore. All sale realisations will be credited under this deposit head and all cheques for expenses drawn against the deposit account. Treasury balances under this account will be raised periodically to the extent of remittances received through Messrs Coutts & Co and other Banks on behalf of the Factory and similarly the treasury balance will be reduced to the extent of payments made by the Comptroller outside the State on behalf of the Factory.

(3)The operation results of the Factory will be brought under the Revenue head 'II Forest' month by month by getting an account from the Factory as in the case of other industrial concerns, and a cheque for the net revenue due to Government for the month will be sent to the treasury for credit under II Forest'.

(4)The following detailed heads will be opened under "II Forest-Sandal oil-working expenses" for showing the operation results of the Factory:--

I Opening Balance of Stock
II Operation Expenses
(a)Raw materials
(b)Salaries and labour
(c)Repairs and maintenance
(d)Depreciation
other heads if any
III Total operation expenses
IV Total including opening balance
V Sales
VI(a) Miscellaneous receipts
VI Closing stock "
VII Total
VIII Profit(Net revenue)

2.The Intial working advance may be fixed by the Director of Sandal oil factory in consultation with the Comptroller and reported to Government with the sanction of Government.

3.The Comptroller will issue necessary subsidiary instructions in the matter and also arrange to reclassify the transactions of the first half year of the current year in accordance with the revised instructions.

6/11
Financial Secretary

To 23-12-35
The Comptroller
The Director of Sandal oil factory

S. O.

Government of his highness the Maharaja of Mysore.

FINANCIAL DEPARTMENT.

G. O. No. Fl. 5651-2—G. F. 403-34-2, dated 12—15th January 1936.

Transactions of the Sandal Oil Factory.

Prescribes a modified procedure for the accounting of the ——

READ—

1. Letter No. 1024—I. A. D., dated 11—15th June 1935, from the Comptroller to Government, suggesting certain modifications in the procedure for the accounting of the transactions of the Sandal Oil Factory.

2. Correspondence ending with un-official Note No. 567—I. A. D., dated 28th November 1935, from the Comptroller on the subject.

ORDER No. FL. 5651-2—G. F. 403-34-2, DATED BANGALORE, THE 12—15TH JANUARY 1936.

At present the expenditure transactions of the Sandal Oil Factory are booked under two advance heads (Sandal Oil Factory Advance and Sandal Oil Factory Working Advance) and the proportionate working expenses with reference to the sandal oil sold is transferred to "II. Forest—Sandal Oil—Deduct Working Expenses" and details of working expenses are not shown under the head "II. Forest." The grant obtained from the Legislature works up to very nearly three times the amount required for expenditure. To avoid the triple voting and to enable details of working expenses being shown in the Budget and Accounts, it is considered desirable to follow in this case also, the accounting procedure prescribed for other industrial concerns of Government. The following instructions are therefore issued for guidance from 1st January 1936:—

(1) Instead of two advance heads, there will be only one advance head to which the initial working advance to be given to the factory will be charged.

(2) A separate deposit head will be opened in the books for recording drawings from the Treasury and payments into it. The initial working advance will be credited to this head in the first instance. All sale realisations will be credited under this deposit head and all cheques or expenses drawn against the deposit account. The deposit account will be operated both in the Mysore District Treasury and State Huzur Treasury with suitable balances required for the transactions in these places. Treasury balances under this account will be raised periodically to the extent of remittances received through Messrs. Coutts & Co. and other Banks on behalf of the factory and similarly the treasury balance will be reduced to the extent of payments made by the Comptroller outside the State on behalf of the factory.

(3) The operation results of the factory will be brought under the Revenue head 'II. Forest' month by month by getting an account from the factory as in the case of other industrial concerns and a cheque for the net revenue due to Government for the month will be sent to the treasury for credit under 'II. Forest.'

(4) The following detailed heads will be opened under "II. Forest—Sandal Oil—Working Expenses" for showing the operation results of the factory:—

I. Opening Balance of Stock.

II. Operation expenses.—
- (*a*) Raw materials.
- (*b*) Salaries and labour.
- (*c*) Repairs and maintenance.
- (*d*) Depreciation;
- other heads if any.

Total operation expenses.

III. Total including opening balance

IV. (*a*) Sales.
(*b*) Miscellaneous receipts.

V. Closing stock.

VI. Total.

VII. Net revenue.

S. O.

Government of his highness the Maharaja of Mysore.

FINANCIAL DEPARTMENT.

G. O. No. Fl. 5651-2—G. F. 403-34-2, dated 12—15th January 1936.

Transactions of the Sandal Oil Factory.

Prescribes a modified procedure for the accounting of the ——

READ—

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2. Correspondence ending with un-official Note No. 567—I. A. D., dated 28th November 1935, from the Comptroller on the subject.

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At present the expenditure transactions of the Sandal Oil Factory are booked under two advance heads (Sandal Oil Factory Advance and Sandal Oil Factory Working Advance) and the proportionate working expenses with reference to the sandal oil sold is transferred to "II. Forest—Sandal Oil—Deduct Working Expenses" and details of working expenses are not shown under the head "II. Forest." The grant obtained from the Legislature works up to very nearly three times the amount required for expenditure. To avoid the triple voting and to enable details of working expenses being shown in the Budget and Accounts, it is considered desirable to follow in this case also, the accounting procedure prescribed for other industrial concerns of Government. The following instructions are therefore issued for guidance from 1st January 1936:—

(1) Instead of two advance heads, there will be only one advance head to which the initial working advance to be given to the factory will be charged.

(2) A separate deposit head will be opened in the books for recording drawings from the Treasury and payments into it. The initial working advance will be credited to this head in the first instance. All sale realisations will be credited under this deposit head and all cheques or expenses drawn against the deposit account. The deposit account will be operated both in the Mysore District Treasury and State Huzur Treasury with suitable balances required for the transactions in these places. Treasury balances under this account will be raised periodically to the extent of remittances received through Messrs. Coutts & Co. and other Banks on behalf of the factory and similarly the treasury balance will be reduced to the extent of payments made by the Comptroller outside the State on behalf of the factory.

(3) The operation results of the factory will be brought under the Revenue head 'II. Forest' month by month by getting an account from the factory as in the case of other industrial concerns and a cheque for the net revenue due to Government for the month will be sent to the treasury for credit under 'II. Forest.'

(4) The following detailed heads will be opened under "II. Forest—Sandal Oil—Working Expenses" for showing the operation results of the factory :—

I. Opening Balance of Stock.

II. Operation expenses.—
- (*a*) Raw materials.
- (*b*) Salaries and labour.
- (*c*) Repairs and maintenance.
- (*d*) Depreciation ;
- other heads if any.

Total operation expenses

III. Total including opening balance.

IV. (*a*) Sales.
(*b*) Miscellaneous receipts.

V. Closing stock.

VI. Total.

VII. Net revenue.

No. FL. 5651-2—G. F. 403-34-2, DATED 12—15TH JANUARY 1936.

2. The initial working advance may be fixed by the Director of Sandal Oil Factory in consultation with the Comptroller and reported to Government.

3. The Comptroller will issue necessary subsidiary instructions in the matter and also arrange to re-classify the transactions of the first half of the current year in accordance with the revised instructions.

S. SHAMANNA,
Secretary to Government,
Financial Department.

To—The Comptroller to Government.
The Director of Sandal Oil Factory.

Exd.—C. K.

WD 1342 -GPB—326—12-2-36